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Budget Deal Balances 2005 Budget and Creates Jobs by Implementing Pieces of Governor's Jobs Today Initiative

LANSING – Governor Jennifer M. Granholm announced today that a deal has been reached with the Legislature that will balance the fiscal year 2005 budget and create jobs without raising taxes. The agreement includes Executive Order 2005-7, which was presented to a joint session of the House and Senate Appropriations Committees earlier today; passage of the fiscal year 2005 Capital Outlay budget bill; and passage of a supplemental appropriations bill which includes portions of the Governor's Jobs Today Initiative. Today's action creates nearly 10,000 jobs.

Governor Granholm's Jobs Today Initiative, which was announced in January, will create jobs by investing nearly \$800 million in state bonds to accelerate nursing home improvements, environmental and school upgrade projects over the next three years. Governor Granholm praised the agreement, because it will begin creating Michigan jobs immediately. In addition to the projects launched through this year's budget agreement, Granholm's Jobs Today Initiative will focus on giving local communities and private developers tools to create affordable housing, improve nursing home facilities, and upgrade schools. Granholm will detail the complete Jobs Today Initiative next week.

"This agreement accomplishes two major goals – balancing our budget and creating jobs. I am proud to say that we have once again achieved these goals without raising taxes," said Governor Granholm. "Michigan will be able to put more people to work this year and grow our economy because of the comprehensive Jobs Today Initiative that was announced at the State of the State."

The portions of the Jobs Today Initiative that are included in the overall agreement include:

- \$200 million for renovation, maintenance and projects on campuses of universities and community colleges in fiscal year 2005;
- \$38 million for environmental clean-up that will spur economic development and revitalization of communities; and
- \$70 million for state infrastructure preservation that will reduce the overall cost of maintaining state buildings by improving the efficiency of those buildings.

(more)

The Governor proposed and won agreement for \$8 million that will be used to clean up blight in Detroit in preparation for the 2006 Super Bowl.

“The Jobs Today Initiative will encourage local and private investments and create thousands of jobs – putting people to work and making Michigan work better at the same time,” said Governor Granholm. “From repairing roads to modernizing schools to renovating downtowns, these projects will not only create jobs, they will also make Michigan more attractive to potential job providers and improve our quality of life.”

The overall budget agreement for 2005 largely resembles the recent proposal by the Governor that was passed unanimously by the House of Representatives. Executive Order 2005-7 cuts spending by nearly \$300 million in order to help solve the state’s \$380 million shortfall. The remaining solutions include a withdrawal from the State’s Budget Stabilization Fund, a negative supplemental, and realizing additional revenue from escheats enforcement.

As a part of the budget agreement, \$200 million in Capital Outlay bond proceeds will be made available for colleges and universities this fiscal year. In addition, operations funding for universities and community colleges will be reduced by \$30 million in 2005. If it is found that general fund revenues have increased beyond expected levels, those institutions of higher learning will receive first call on those revenues, up to \$30 million. If full restoration is not possible in 2005, an additional \$100 million in bonding proceeds will be made available to universities and community colleges in fiscal year 2006.

Finally, the agreement also prevents the closure of the youth correctional facility in Baldwin for the remainder of the fiscal year and maintains funding for Michigan State University’s Cooperative Extension Service and Agricultural Experiment Station.

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